

Message Text

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64

ACTION CU-03

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R 261434Z JAN 76
FM AMEMBASSY MOSCOW
TO SECSTATE WASHDC 9081
INFO AMCONSUL LENINGRAD
AMEMBASSY PRAGUE
USIA WASHDC

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STATE FOR CU/EE, EUR/SOV; LENINGRAD AND PRAGUE FOR P&C;
(PRAGUE: PASS RICHMOND); USIA FOR IEU

E.O. 11652: N/A
TAGS: OEXC, UR
SUBJECT: FY 76 CU IREX GRANT

REF: STATE 007182

1. SUMMARY: DISCUSSIONS WITH IREX REPRESENTATIVES HAVE RESULTED IN AGREEMENT ON SIGNIFICANT BUDGET REDUCTIONS, BUT IREX IS STILL SHORT APPROXIMATELY \$184,000 IF JUNIOR SCHOLAR EXCHANGE IS TO BE MAINTAINED AT EXISTING LEVEL OF FIFTY AND AN ADDITIONAL \$25,000 IF INCREASE OF FIVE IN SUMMER LANGUAGE TEACHER EXCHANGE, AGREED TO AT DECEMBER EXCHANGE REVIEW TALKS, IS TO BE IMPLEMENTED. END SUMMARY.

2. IN DISCUSSIONS AMONG RICHMOND, IREX AND EMBASSY REPRESENTATIVES, IT WAS AGREED IREX COULD MAKE FOLLOWING CUTS IN THEIR PLANNED FY 76 BUDGET IN ORDER TO MAKE UP PARTIALLY THE DIFFERENCE BETWEEN EXPECTED INCOME AND EXISTING USSR GRANT LEVELS. THESE CUTS ARE IN ADDITION TO REDUCTIONS EARLIER IN BUDGET PROCESS WHICH WERE TAKEN PRIMARILY IN ADMINISTRATIVE COSTS AND SALARIES AND IN EASTERN EUROPEAN PROGRAMS.

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CATEGORY	REDUCTION
ELIMINATE APRIL ORIENTATION IN NEW YORK	13,500
ELIMINATE END-OF-YEAR TRAVEL IN USSR	22,500
SAVINGS FROM SHIFTING SOVIET ORIENTATION/ENGLISH	
TRAINING FROM WEST TO EAST COAST	12,000
PROBABLE REDUCTION BY USING APEX AIR RATES FOR	
SOVIET SUMMER LANGUAGE TRAINEES	12,000
REDUCTION BY HALF OF DEPENDENT TRAVEL FOR AMERICANS	15,000
ELIMINATING STIPEND INCREASE DESIRED BY SOVIETS	20,000

TOTAL 94,500

3. ALTHOUGH DEPT HAS PROPOSED TO INCREASE LAST YEAR'S GRANT BY \$200,000 TO COMPENSATE FOR FORD FOUNDATION REDUCTION OF \$200,000 THIS YEAR, IREX BUDGET PRESENTATION HERE INDICATES CONTINUED PROGRAM SHORTFALL DUE TO (A) INCREASES IN PROGRAM COSTS OF 166,000 AND (B) EXHAUSTION OF RESERVE FUNDS AND FALL-OUT FROM OTHER PROGRAMS AMOUNTING TO 137,000 WHICH WAS USED DURING PAST YEAR TO MAINTAIN CURRENT PROGRAM LEVELS OF FIFTY IN JUNIOR PROGRAM, FIFTY MAN-MONTHS IN SENIOR PROGRAM, AND THIRTY-TWO SUMMER LANGUAGE TEACHERS. TAKING ACCOUNT OF SAVINGS PROPOSED IN PARAGRAPH ONE, JOINT REVIEW HERE ESTIMATED THAT A GRANT LEVEL OF FORTY-FIVE JUNIOR SCHOLARS WOULD REQUIRE INCREASE IN CU SUPPORT BY APPROXIMATELY \$128,000 OVER LEVEL PREVIOUSLY DISCUSSED OR TOTAL OF \$934,000. MAINTAINING EXISTING LEVEL OF FIFTY WOULD REQUIRE ADDED \$56,000, OR TOTAL OF \$990,000. INCREASING SUMMER LANGUAGE PROGRAM FROM THIRTY-TWO TO THIRTY-SEVEN, AS US SIDE PROPOSED AT EXCHANGE TALKS AND SOVIETS ACCEPTED, WOULD REQUIRE IN ADDITION APPROXIMATELY \$25,000.

4. IREX MAY ALSO BE ABLE TO EFFECT DOLLAR SAVINGS BY USING ZLOTYS FOR \$15,000 TRAVEL COST FOR US SCHOLARS TO POLAND. IT MAY ALSO BE POSSIBLE TO TRANSFER TO ZLOTYS SUBSTANTIAL COSTS FOR US SCHOLARS TO USSR BY HAVING THEM TRAVEL VIA WARSAW, BUT THIS REQUIRES FURTHER INVESTIGATION.

5. EMBASSY UNDERSTANDS ADDITIONAL SUM OF OVER \$200,000 MAY NOT BE REALIZABLE THROUGH FURTHER CUTS IN ALREADY-REDUCED CU PROGRAMS. WE REQUEST FURTHER CONSIDERATION OF OTHER POSSIBLE SOURCES OF FUNDS. SUGGESTIONS LIMITED OFFICIAL USE

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DISCUSSED HERE INCLUDE FURTHER BUDGET APPEAL BASED ON SOVIET CASE, REFERENCE TO INR FUNDS FOR PART OF JUNIOR EXCHANGE EXPENSES, AND PARTIAL USE OF US-OWNED ZLOTYS (SEE REFERENCES). ANY FURTHER INCREASE IN IREX GRANT THIS YEAR WOULD BE UNDERSTOOD TO BE ONE-TIME ASSISTANCE TO AVERT IMMEDIATE PROGRAM CUTS. IREX WOULD BE RESPONSIBLE TO DEVELOP ADDITIONAL FUNDING SOURCES FOR NEXT YEAR.

6. RICHMOND VIEWS REMAIN AS STATED
IN JANUARY FIVE MEMO TO ASSISTANT SECRETARY RICHARDSON.
STOESSEL

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